



**Date:** December 15, 2008  
**To:** Mayor and City Council  
**From:** Patrick H. West, City Manager *P. West*  
**Subject:** **QUESTIONS FROM THE LOS CERRITOS WETLANDS LAND TRUST**

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Provided below are responses to the questions regarding the proposed wetlands land exchange posed by the Los Cerritos Wetlands Land Trust.

- 1. How will the City determine the cost of cleaning up any properties involved in this transaction, and which entity will be responsible for the cleanup?**

Any remediation is a function of development design. Therefore, costs cannot be determined until design of surface uses has been established. All parties are best served by designing a project that minimizes remediation costs. As it relates to the wetlands, significant negotiations will ensue to establish limits of responsibility (i.e., establishing those areas subject to potential remediation and those areas supporting ongoing oil operations). The level of clean up activities, if any, will depend upon the ultimate surface use and, therefore, the parties will need to closely cooperate in order to achieve their individual goals.

- 2. Why does the City not insist on a market appraisal of the oil rights underneath any property involved in this transaction?**

Because it is not intended that oil interests will be acquired, appraisal of these interests is not required. It is important to understand that valuation of oil interests employs an extremely tenuous analysis, relying more upon opinion than fact. There are no "comparables" as in residential appraisals, as each well, each reserve, each quality of oil, is unique. The value of the oil interests is directly related to the reliability of the income stream, which current events well demonstrate, are simply impossible to predict.

- 3. Is the portion of the Hilltop Property identified as wetlands and/or first water source for Long Beach being retained by the City or is it included in the land swap? If included, who will clean it up and when?**

The portion of the property preserved under the Sports Park EIR for open space, and seasonal wetlands is proposed to be reserved from the land swap. Any future costs to address environmental issues will be borne by the City, who is the landowner.

- 4. Have any core samples of the Los Cerritos Wetlands property been taken. If so, what did they show?**

Assuming that "core samples" means "soil samples," it is our understanding that an environmental baseline has been established when the wetlands recently changed ownership. This information is not currently in the City's possession. However, it is expected it would be available during the due diligence period.

- 5. Does the Los Cerritos Wetlands Authority (LCWA) actually have the needed estimated \$25 million to purchase the 175 acres from the City following the land swap?**

The funding for LCWA's acquisition of the wetlands from the City is anticipated to come from the Coastal Conservancy, the Rivers and Mountains Conservancy, and other potential sources, primarily from grants.

- 6. In what form would the City make a binding promise to accept the amount of money that the LCWA offers for the 175 acres? If this sale cannot be negotiated, is there any advantage at this time in having the City of Long Beach own the property vs. have private landowners hold title, if nothing can be done to restore the wetlands?**

We do not foresee a "form" that would evidence a promise by the City to sell the wetlands. The entire purpose of the land swap is to sell to the LCWA. The intent is to sell at appraised value, whatever that might turn out to be. It is extremely important to move ownership of the surface out of private hands in order to secure this asset for the public in perpetuity. In the last 20 years, this land swap has been the only viable and promising proposal that could be successful. Delaying the effort serves only to hasten failure. There would be no advantage to leaving the property in private hands as the oil operations will continue to be taxed in the same manner even though the surface rights are held by the public.

- 7. What is the exact acreage of the property that Berger Dean purchased from Bixby? Are the documents of transfer on file for public viewing?**

The exact acreage is unknown at this time. There have been multiple transaction involving the Bixbys. The best way to depict the intended land swap is by determining its boundaries, which we have done. At the appropriate time, a boundary survey can be conducted to determine the exact acreage. The transfer documents are a matter of public record.

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8. **The grading and cleanup of the Amerigas property are connected with the land swap. Who will be responsible for cleaning up the known toxins on the Amerigas property?**

The grading and cleanup of the Amerigas property is not connected with the land swap. As of December 9, 2008 the proposed double escrow of the Amerigas property is no longer viable project.

Please let me know if I can provide you with additional information.

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